

UNITED PRESS INTERNATIONAL  
22 February 1985

REWALD  
SAN FRANCISCO, CA

A federal appeals court today said claims of CIA involvement in a defunct Hawaiian investment firm were irrelevant and upheld the forced bankruptcy order against company.

The 9th U.S. Circuit Court of Appeals affirmed the placement of Bishop, Baldwin, Rewald, Dillingham and Wong into involuntary bankruptcy by a Hawaii bankruptcy court.

The firm collapsed in 1983 in a bankruptcy that cost \$22 million to more than 400 investors and had one of its partners jailed for alleged fraud, income tax evasion and perjury.

Ronald Rewald, charged with 100 fraud and tax violations, has maintained the firm was a cover for the CIA and that the agency was responsible for the firm's collapse.

Thomas Hayes, appointed by the federal bankruptcy court to take over the investment firm in August 1983, has said the company was used as a CIA cover for some agents and to receive limited messages from agents.

But the Justice Department attorneys claim any CIA involvement was minor and not connected to the bankruptcy.

The appeals court ruled the consideration of alleged CIA involvement with the firm was "not necessary" to determine the firm was bankrupt.

Rewald, who is accused of misappropriating \$500,000 of the company's funds, faces a separate trial on the fraud charges in May.

Past news reports have indicated the CIA used the firm to conduct foreign and domestic intelligence operations and make secret shipments of weapons to foreign countries.